

Remarks at a Meeting of the White House Competition Council
February 1, 2023

The President. You all ready? All right.

[At this point, the President cleared his throat.]

I've got a little bit of a cold.

Thank you all for being here today as my administration takes on new action to lower the costs for American families.

You know, I ran for President to rebuild the backbone of the country—I know you're tired of hearing me say, but that was the reason I ran—and begin to build the economy from the bottom up and the middle out.

And in 2 years, we've made real progress. And growth is up. Wages are up. And over the last 2 years, more Americans have applied to start a small business than any year on record. And everybody applies to—for a new small business, that's about hope.

And our economic plan is working. And it's—an important part of that plan is promoting fair competition across the entire economy. You heard me say that capitalism without competition isn't capitalism, it is just simply exploitation.

And so that's why we've been more outspoken about promoting competition than any President since Teddy Roosevelt. And that's why I've created the Competition Council, which you see around this table.

That's why when we last met in September—the Council—we challenged them to come up with new ways to deal with and eliminate unfair hidden fees known as junk fees and—that sneak up on consumers.

So this group stepped up. As a result, we're requiring internet providers to list fees upfront on clear, easy-to-read labels just like the labels on food products you buy. And now you can compare your choices easily to find the best deal that you want to go to.

We also convinced major airlines to rebook cancellation flights for free rather than charging customers for rebooking. We pushed banks to ditch surprise overdraft and bounced check fees, saving Americans an estimated billion dollars a year as a consequence of that.

And last month, we took a big step toward promoting competition in the labor market when the Federal Trade Commission proposed a rule banning noncompete agreements for 30 million Americans—30 million Americans. You worked as a bellhop in one hotel, you couldn't go across the street to another hotel to be able to make 2 bucks a week more or 2 bucks a day more.

And these are—these contracts that say you can't do a job in the same field even if it's a better deal, like a security guard who wants to take a job across town, but you can't because you signed a noncompete agreement, I think it's wrong. I think we all think it's wrong.

And now, today, the Consumer Financial Protection Bureau is proposing a new rule to lower credit card late fees. Right now credit card companies charge an average of \$31 whenever you can't pay your bill on time. That's on top of the interest or—you're already paying.

Now, nobody is saying that you should pay—or you shouldn't pay your fees on time. And no one says the bank should lend you money for free. But that's what banks are—charge interest for.

But in the Obama-Biden administration, Congress passed the bipartisan law that said banks cannot charge late fees that are significantly more than the late payments cost them in the first place. And so, well, it doesn't cost 31 bucks for a bank to process the late fee, but that's how much they're charging you now. And, folks, that's a junk fee if there ever was one, and it can drain hundreds of dollars a year from the pockets of hard-working American families, especially—especially—folks who are already struggling to make ends meet. But not anymore, after today.

Today's role proposes to cut those fees from \$31 on average to \$8—to \$8. That change is expected to save tens of millions of dollars for Americans, roughly \$9 billion a year in total savings.

And over the next few weeks, my team is going to meet with State and local officials across the country to identify things they can do to crack down on junk fees in their own jurisdictions.

And today I'm also calling on Congress to pass the Junk Free [Fee; White House correction] Protection Act, a ban—to ban four of the most frustrating charges Americans face.

The first one of those is: Some airlines charge extra to pick your seat, including for parents who just want to sit next to their child on the plane, and charge extra. You don't know that going in though. And it's wrong.

Secondly, the—when you book a hotel, you should see the full cost right then and there, instead of getting hit with what's called a resort fee, which can be over \$50 a night, and—when you check out.

And third, you should be able to switch your internet, cable, or cell phone plan without the \$200 early termination penalty some of these companies charge.

And fourth, you should lower the huge service fees that companies like Ticketmaster slap onto tickets for concerts or sporting events that can easily add hundreds of bucks to a family's night out.

Congress should pass the Junk Free [Fee] Protection Act so we can crack down on these fees and give hard-working Americans just a little bit more breathing room.

Look, the bottom line is this: It's—these unfair fees add up. It's a basic question of fairness. And with the help of the folks in this room, we're going to keep building an economy that's fair, an economy that's competitive, and an economy that works for everyone.

Now I'm going to turn this over to Director Chopra. And you fire away. The floor is yours.

Consumer Financial Protection Bureau Director Rohit Chopra. Well, thank you, Mr. President. You know, back in the day, when credit cards just started get going, if you were late on your payment, you just got a tiny late fee, a little bit of a nudge to remind you. But you know, today, \$30 million in penalties are charged on Americans every day. That's \$12 billion a year that really bites people's budgets.

So what we did is, we took a look at the law and the rules, and we found a legal loophole that credit card companies have been exploiting to charge billions of extra dollars, way beyond their costs and way unjustified, to deter late payments.

And think about it right now: People are seeing their bills from holiday travel, from Christmas gifts. They want to be able to pay it back. But we see, across the economy, businesses building a model on these junk fees.

So we have launched the process to cut those fees down from \$12 billion. And we project, as the President mentioned, we'll save people \$9 billion a year. That's just one fee.

And look, we want credit card companies and families to work together. And they already face consequences when they're late. They get an avalanche of interest when they are late. And interest rates now are hitting 20 percent for the average card.

And what I think we also see is companies using inflation as an excuse to raise fees even more, and that is wrong.

So we are going to take that work and see how we can cut away and chip away at some of these junk fees, building on our overdraft work and so much more.

I'm really glad that so many of us are here and looking across Government, Mr. President, to see how these fees are distorting fair competition. People want to be able to see the price up front and know what they're getting and not be surprised for something they can't even budget for.

So we're really proud to push forward with this. And hopefully, people can start seeing some real relief next year.

The President. We hope they will too. Look, one of the things that we all know in each of your departments: People have lost faith in Government's ability to deliver. They've lost faith in the private sector and what their—are what they advertise, that they say they're delivering. And it's about just letting people know that, you know, we see what's happening. And it's totally appropriate to do what we're doing.

And it really, I think, is—this whole idea here is we have to rebuild confidence in our ability to deliver for the American people. And I think that's a big chunk of what we're doing here.

I'm going to turn it over to Brian, Director of National Economic Council.

National Economic Council Director Brian C. Deese. Great. Thanks, Mr. President. We're going to invite the press to leave, and then we're going to move on to the agenda.

NOTE: The President spoke at 1:19 p.m. in the East Room at the White House.

Categories: Addresses and Remarks : White House Competition Council meeting.

Locations: Washington, DC.

Names: Chopra, Rohit; Deese, Brian C.; Obama, Barack.

Subjects: Competition and pricing, improvement efforts; Consumer Financial Protection Bureau; Economic improvement; Federal Trade Commission; Junk fees imposed on consumers, prevention efforts; National Economic Council; Noncompete agreements, efforts to limit; Small businesses, promotion efforts; White House Competition Council.

DCPD Number: DCPD202300075.